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TWO DOLLARS

RVIA SHIPMENTS: NEW EXCITEMENT I

POOL CONVERTERS FORESEE UPBEAT

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RV BUSINESS AUG/15 1988

Supplier Group Seeks Voice In Industry

A new "steering committee" of RV industry suppliers has called for a meeting during August's Midwest Show in South Bend, Ind., to address concerns, ranging from trade shows to educational programs, common to supplier companies. The meeting apparently signals a new drive on the part of some OEM and aftermarket suppliers for a "stronger voice" in trade-association affairs and even, some argue, a separate trade association.

Special committee participants, who have already held three preliminary gatherings, said they believe that suppliers are a "forgotten people" without an adequate say in the three chief national trade associations in which they have a large membership share: Recreation Vehicle Industry Association (RVIA), Reston, Va.; Recreation Vehicle Dealers Association (RVDA), Fairfax, Va.; and Warehouse Distributors Association (WDA), Bradenton, Fla.

According to committee sources, members believe that RVIA is controlled by the OEMs, RVDA by the dealers and WDA by wholesalers. "In none of these organizations is their (the suppliers') agenda a priority item," said one committee insider.

Darryl Searer, vice president of the RV Appliance Group of Dometic Corp., Elkhart, Ind., and appointed spokesperson for the supplier committee, said

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ELECTRONIC WIZARDRY: High-tech electronic gadgets that were the stuff of fantasy a few years ago are now beginning to transform the RV industry. See page 22.

Controversy Erupts Over Chevy Van Policy Favoring Pools

The recent announcement by General Motors Corp.'s Chevrolet Motor Division that it would revamp its van-chassis distribution system to favor bailment-pool accounts is prompting strong reaction from nonpool van converters and Chevrolet dealers.

Under the new program, announced July 8 and effective for the 1989 model year, Chevrolet will no longer supply seat-delete incomplete vans for sale or drop-shipment through Chevrolet dealers.

Chevrolet officials have told

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Cruise America's Fly/Drive Rentals Hit New Highs

Foreign tourists, lured by a weak dollar, are pouring into the United States and spending travel dollars this summer at record levels, much to the delight of executives at Cruise America Inc., Miami, Fla., which operates the nation's second-largest motorhome rental fleet.

In early July, Bob Caldarone, director of marketing for Cruise America, estimated that the company's domestic fly/drive business was up 100% and that its international fly/drive trade was up about 70%. Fly/drive packages – in which airlines arrangements are coordinated with a rental motorhome pickup instead of a hotel reservation – now represent some 50% of Cruise America's business. And, Caldarone added, "It's increasing."

Growth in the fly/drive business has been so great that Cruise America has stationed 28-passenger buses at key ports of entry, such as New York, San Francisco and Los Angeles, to service arriving clients.

The booming rental business to foreign visitors is one reason that Cruise America – which has a network of 3,000 rental motorhomes, 120 satellite rental agencies and 30 "gateway hub" facilities at major airports – was singled out in July by *Fortune* magazine as one of the country's "companies to watch." Cruise America, according to a J.W. Charles Securities analyst, also is expected to in-

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COVER ILLUSTRATION: JEANNIE WINSTON

INDUSTRY NEWS

TRENDS

RVIA Projects Increased RV Demand and Shipments in 1990s

RVIA is projecting a bright future for RV sales in the 1990s, based on a combination of market research data from its New York public relations firm, Burson-Marsteller, and statistical information from the U.S. Department of Commerce.

Using market research on the purchases of various classes of RVs by heads of households and the projected U.S. population of males through the year 2000, RVIA developed a pattern of expected demand, with 1985 as the base year (see Figure 1).

"Because we know the population that will soon be reaching the age group of the RV buyer. While those people who are moving into that age group do not necessarily possess the same demographics as the people who are currently in that age group, I think we can say that the tendency is there for them to mirror past trends. What it all boils down to is that this seems to indicate a certain level of opportunity for our industry, and we think the data should be of interest to our membership and to dealers."

Expected Demand

	1985	1990	1995	2000
Travel Trailers/Fifth-wheels	100%	117%	157%	169%
Folding Trailers	100%	171%	180%	189%
Truck Campers	100%	158%	167%	175%
Class A and C Motorhomes	100%	130%	139%	152%

Figure 1

Applying those percentages to industry shipment data for the base-year 1985, RVIA also projected future shipments (see Figure 2).

Speaking for dealers, Bob Strawn, executive vice president of RVDA, supported RVIA's predictions. "We developed our own projections a few years ago and, in fact, published that data for our members in *RVDA News*. It came very close to what RVIA is projecting now, and we would agree that there is some very bright potential for our industry on the horizon," he said. "The big challenge, of course, is to make sure we are able to respond to it." Δ—*Robert Longsdorf Jr.*

Expected Shipments

	1985	1990	1995	2000
Travel Trailers and Fifth-wheels	75.4	88.2	118.0	127.0
Folding Trailers	35.9	61.4	64.6	67.8
Truck Campers	6.9	10.9	11.5	12.1
Class A and C Motorhomes	62.0	80.6	86.2	94.2

(Data expressed in thousands)

Figure 2

Commenting on the data, Bill Garpow, vice president of communications for RVIA, emphasized that the projections are based on the assumption that current market forces will remain basically stable, "which, of course, won't be the case."

Garpow was quick to add, "However, we do know that there is a known percentage of

ACQUISITIONS

Thetford to Merge and Go Private

Thetford Corp., Ann Arbor, Mich., a publicly held manufacturer of portable sanitation equipment and RV holding tank chemicals, has entered into a definitive acquisition-merger agreement with the privately held Dyson-Kissner-Moran Corp. (DKM), a New York, N.Y., conglomerate, which would take Thetford private.

Under the merger plan, if approved, an affiliate of DKM is to be merged into Thetford, with Thetford's shareholders paid $33 per share. Thetford will then become a privately held company retaining its current corporate name and management.

In connection with the merger pact, DKM has entered into a proxy and voting agreement with certain directors and officers of Thetford and their family members, who hold approximately 43% of the outstanding stock. The voting agreement would give DKM the right to vote such shares for the approval of the merger agreement. After the merger, those members of Thetford's management will remain stockholders in Thetford and will continue in their management capacities.

The merger hinges on the expiration of regulatory waiting periods and approval by Thetford's shareholders, who are to hold an as-yet-unscheduled special meeting to vote on the matter, according to a June 29 release from Thetford.

The merger agreement was approved by Thetford's board of directors upon the recommendation of financial adviser, Prescott Ball & Turben Inc. Δ

CAMPGROUNDS

KOA, Forest Service Re-evaluate Campground Partnership Plans

Officials of Kampgrounds of America Inc. (KOA) and the national Forest Service announced that they will re-evaluate a plan for a potential partnership at selected forest campgrounds, which has met resistance from RV groups as well as some Forest Service personnel.

"I would have to say that this whole idea has become a little more difficult than we had anticipated," said Marcus Petty, the Forest Service's specialist in developed sites. "Frankly, we also weren't prepared for the negative reaction we received from the Good Sam Club® and other groups. As a result of that, the message that we are getting is that people want to keep things rustic but perhaps have a few more amenities, such as electrical hookups and hot showers. They are opposed, however, to the overcommercialization that they see as a possibility if more private enterprise is brought into the forests. So, we are stepping back a bit to see just where we need to put our focus."

In fact, results of a recent Good Sam Club membership survey indicate that an overwhelming number of those RVers are fearful of overdevelopment and commercialization of the forests. "The general consensus is that there are ample commercial operations

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MAY SHIPMENTS LEAP AHEAD TO BREAK PATTERN OF STAGNATION

MORTON J. MARCUS

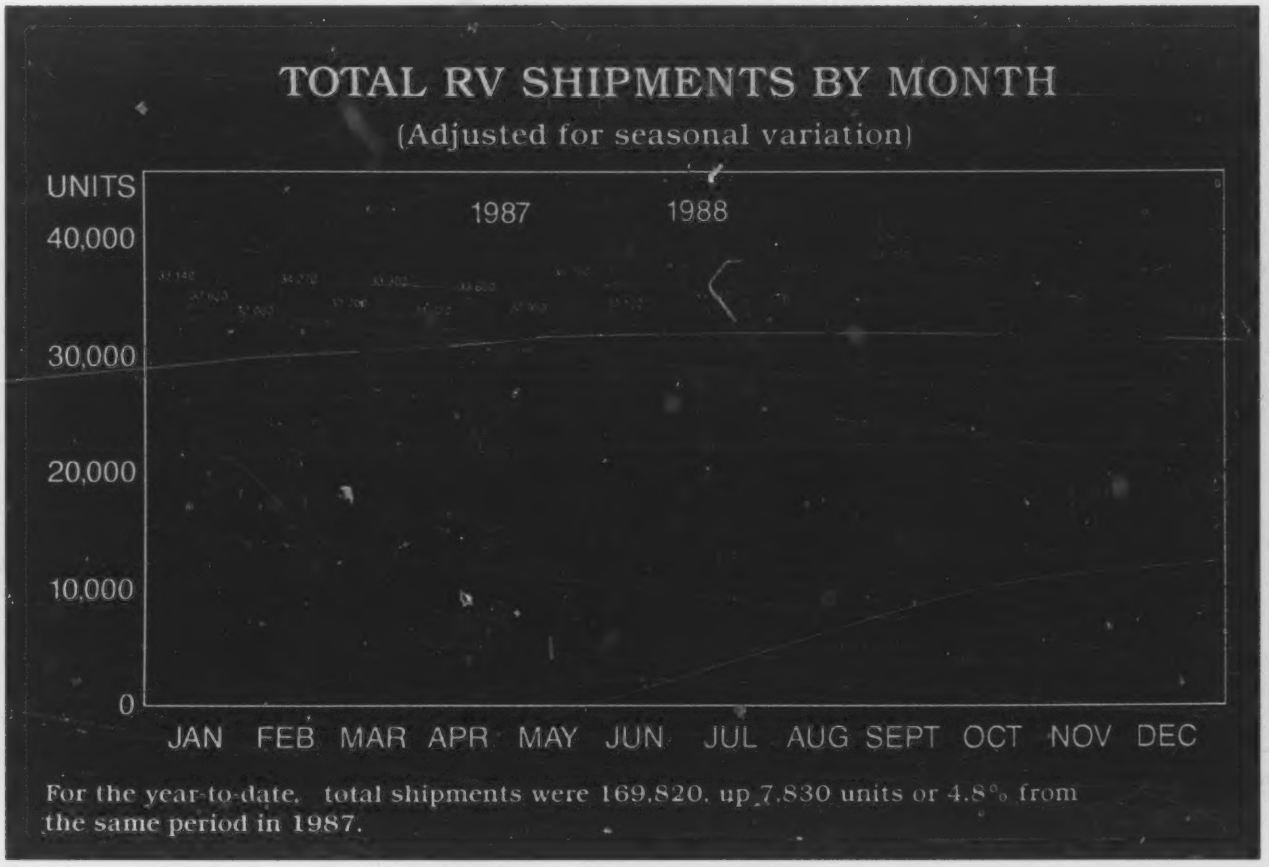

Figure 1

In last month's column, we complained about the dullness of the shipment data. Nothing was happening. The shipment numbers were moving about in a narrow range, providing little providing little promise and little disappointment.

Then the May shipment numbers arrived from RVIA, and, with our usual adjustment for seasonal variation, we found a springtime breakout in motion.

May's Excitement

The May shipment numbers totaled 41,600 unadjusted and came in at 35,760 units *(see Figure 1)* when normal, seasonal factors were brought into play. This was the best level of shipments since October. It broke the pattern of stagnation, lifting shipments in May by nearly 2,000 units above the level for April, and more than 3,400 units above the number shipped during May 1987.

May was the fourth consecutive month in which shipments exceeded the levels of the same month a year earlier. Thus, for the first five months of 1988, shipments were 7,800 units (nearly 5%) ahead of the pace in 1987.

Details of Strength

Where was the industry improving in May? It improved in just about every sector.

There were two down notes: Micro-minimotorhomes were off from their April total by about 130 units (which is a huge 48% drop but only because of the small volume in this segment of the market). The other decline came in Class B motorhomes (van campers), where the decline was about 5 units, or not enough to notice.

Everywhere else, gains were observed. *(See Figure 2.)* All towables performed better in May than in April. Led by park models and folding camping trailers, each of the five towable types gained.

Despite the fact that two of its five types were down in May, motorhomes also advanced, with nearly 500 more Class A units shipped during the month.

Market-Share Changes

Meanwhile, van conversions added 900 units for a 5% gain. This was about 47% of the total increase (1,900 units) recorded by the industry as a whole in May. Van conversions continued

CHARTS: CUSTOM COLOR VISUALS

to hold about that share of the total market, a slight improvement, which was up 0.4 market-share points over conversions' relative market position in 1987. *(See Figure 3.)*

Other market-share changes for the year were seen in the redistribution from motorhomes to travel trailers. Thus far in 1988, motorhomes dropped 0.9 points, going from 17.9% to 16.8% of total RV shipments.

Vans conversions picked up part of that market-share shift, and the remainder went to towables, which have garnered more than half the loss of motorhomes.

Three High Months

Normally, March, April and May are peak months in the shipment of recreational vehicles. Therefore, the numbers presented in Figure 4 are the most encouraging for 1988's prospects.

During these peak months, total shipments were 102,930 units. That translates into an annual pace of nearly 412,000 units. Last year, those three months yielded an annual rate of 387,000 units, and when the same three months in 1986 were annualized, the total was just 366,000 units.

During these three peak months, 1987 ran 5,260 units (5.3%) ahead of 1986. This year

This was the best level of shipments since October.

the industry was doing even better, with nearly 6,200 more units shipped than in 1987, or a 6.4% increase.

Positive Across the Board

This positive trend was present for both towables and motorhomes, and it was broken only slightly by van conversions.

In every respect then—

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1988	1987
Total RVs	100.0	100.0
Travel Trailers:		
Conventional	14.1	15.3
Park Models	2.0	1.7
Fifth-wheels	7.6	6.4
Folding Camping Trailers	10.1	9.9
Truck Campers	2.5	2.5
Motorhomes:		
Class A	9.7	9.5
Class B Van Campers	1.1	1.5
Class C:		
Minis	4.9	5.0
Low Profile	0.5	0.7
Micro-minis	0.6	1.2
Multiuse Van Conversions	46.7	46.3

Detail may not add to total because of rounding.

Figure 3

RV SHIPMENTS BY TYPE OF UNIT
MARCH AND APRIL 1986-88
(Adjusted for seasonal variation)

Mar-May	Total RVs	All towables	Motor-homes	Multiuse Van Conv.
1986	91,510	30,330	15,670	45,510
1987	96,770	33,700	17,680	45,390
1988	102,930	36,640	18,030	48,260
Percent change				
1986-87	5.7	11.1	12.8	-0.3
1987-88	6.4	8.7	2.0	6.3

Detail may not add to total because of rounding.

Figure 4

In every respect, May 1988 was a very strong month for RV shipments. All towables performed better, and motorhomes also advanced.

whether compared to earlier months of this year, compared to the same month a year ago or compared as a part of the same high shipment quarter over a number of years—May 1988 was a very strong month for RV shipments. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends. He also writes RVB's regular "WDA Aftermarket" and "Quarterly Forecast" analyses. The "Quarterly Forecast" is prepared by the Indiana Econometric Model Project, R. Jeffrey Green, director.

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

TYPE OF UNITS	MAY 1988	PERCENT CHANGE FROM APR	YEAR-TO-DATE 1988	1987	PERCENT CHANGE
TOTAL RVs	35,760	5.6	169,820	161,990	4.8
Travel Trailers					
Conventional	4,840	1.0	23,970	24,710	-3.0
Park Models	770	18.7	3,410	2,780	22.7
Fifth-wheels	2,680	2.5	12,990	10,440	24.4
Folding Camping Trailers	3,300	13.1	17,130	16,080	6.5
Truck Campers	850	5.2	4,330	4,110	5.2
Motorhomes					
Class A	3,630	11.8	16,460	15,380	7.0
Class B Van Campers	360	-1.1	1,940	2,460	21.1
Class C					
-Mini	1,880	-3.8	8,400	8,090	3.9
-Low Profile	190	100.9	830	1,130	26.0
-Micro-mini	140	-48.5	1,020	1,890	46.3
Multiuse Van Conversions	17,130	5.0	79,340	74,920	5.9

Note: Percentages are computed from unrounded data.

Figure 2